Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01
OIC-02 /096 W
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FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 6258

UNCLAS TEGUCIGALPA 1543

E.O. 11652: N/A
TAGS: ETRD, HO
SUBJ: GSP: FIRST YEAR REVIEW

REF: STATE 067507

1. CONSENSUS OF OPINION OF GOH OFFICERS AND LOCAL BUSINESSMEN IS THAT HONDURAS HAS BENEFITTED FROM PARTICIPATION ON US GENERALIZED SYSTEM OF PREFERENCES (GSP) AND THAT BENEFITS OVER NEXT SEVERAL YEARS COULD BECOME SUBSTANTIAL. DATA PROVIDED BY FOREIGN COMMERCE OFFICE OF MINISTRY OF ECONOMY INDICATE THAT 26 PRODUCTS VALUED AT DOLS 13.5 MILLION WERE EXPORTED TO THE US UNDER GSP. TABLE PROVIDED BY SECSTATE REVEALS THAT JANUARY-OCTOBER 1976 HONDURAS EXPORTED ELIGIBLE 50 PRODUCTS VALUED AT DOLS 20.7 MILLION. RECORD KEEPING HERE MAY NOT BE AS COMPLETE AS DEPARTMENT'S. ON BASIS, HOWEVER, OF BOTH SOURCES, IT APPEARS THAT ONLY 60 PERCENT OF DOLS 22.8 MILLION IN ELIGIBLE EXPORTS ACTUALLY ENTERED DUTY FREE UNDER GSP.

2. A SAMPLING OF SEVEN PRINCIPLE ELIGIBLE EXPORTS, SIX OF WHICH EXCEEDED ONE MILLION DOLLARS IN 1976, REVEALS DRAMATIC GROWTH DURING THE YEAR, AS FOLLOWS (FIGURES ARE PERCENTAGE OF GROWTH): LIVE PLANTS 133, BANANA PUREE 31; MOLASSESS 695;
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MOP AND BROOM HANDLES 10; FURNITURE PARTS 39; UNASSEMBLED FURNITURE 542. WHILE KNOWLEDGE OF AND USE OF GSP PREFERENCE STILL IS LIMITED OVER 1000 FORMS A ISSUED TO 86 PARTICIPATING EXPORTERS.

3. VERY LITTLE DATA ARE AVAILABLE TO LINK NEW INVESTMENTS AND NEW EXPORTS TO GSP. THERE HAVE, NEVERTHELESS, BEEN

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SUBSTANTIAL NUMBER OF NEW VENTURES IN PAST 18 MONTHS FOR PRODUCTION OF ELIGIBLE PRODUCTS. ALSO, THERE ARE SEVERAL INSTANCES WHERE EXISTING COMPANIES EXPANDED OR UNDERTOOK PRODUCTION OF LISTED PRODUCTS.

4. FOREIGN COMMERCE OFFICER COMMENTED THAT US PREFERENCES SYSTEM CONSIDERABLY BROADER, MORE LIBERAL IN TARIFF REDUCTION AND SUBJECT TO FEWER EXCEPTION AND LIMITATIONS. HE PROVIDED VALUES OF HONDURAS EXPORTS UNDER EEC, JAPAN, CANADA AND SWISS SYSTEMS, AND ONLY FIRST TWO EXCEEDED DOLS 50,000. HONDURAS MANUFACTURES ASSOCIATION (ANDI) CONCURRED THAT US SYSTEM BEST, BUT NOTED THAT EEC HAD INITIATED SEMINARS AND OFFERS FINANCIAL AND MAREKTING ASSISTANCE IN INTRODUCING NEW PRODUCTS.

5. PRESENT LIMITED USE OF US PREFERNCE SYSTEM ATTRIBUTED TO LACK OF KNOWLEDGE OF ITS AVAILABILITY. MINECON AND ANDI OFFICERS CITED DIFFICULTY IN MATCHING TSUS AND NAUCA PRODUCT CODES TO IDENTIFY ELIGIBLE PRODUCTS AS IMPORTANT HANDICAP. ANDI OFFICER MENTIONED INITIAL DIFFICULTIES IN SECURING SUFFICIENT QUANTITIES OF PROPER FORMS A. CURRENTLY, HE SAID EXPORTS TO US ALSO REQUIRE AN ADDENDUM WHICH NOT REQUIRED FOR EXPORTS UNDER OTHER SYSTEMS. THE ADDENDUM RELATES TO ITEM 4 ON REVERSE OF FROM VALUE ADDED. INCORPORATION OF ADDENDUM DATA ON BACK OF FORM WOULD FACILITATE CERTIFICATION. FINALLY, SOME SMALL EXPORTERS COMPLAIN OF DOLS 10 CHARGE BY MINECON FOR CERTIFICATION OF FORM A.
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Disposition Approved on Date:
Disposition Case Number: n/a
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